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*Profit Sharing between Employer and Employee: A Study in the Evolution of the Wages System.* By NICHOLAS PAINE GILMAN. Boston and New York, Houghton, Mifflin & Co., 1889. — 12mo, 460 pp.

*A Treatise on Co-operative Savings and Loan Associations.* By SEYMOUR DEXTER. New York, D. Appleton & Co., 1889. — 16mo, 299 pp.

Five years ago a student of the labor question would have looked in vain for an American account of American or European experiments in profit sharing, and he would not have found riches had he sought for American writings on the more familiar subjects of co-operative production, distribution and saving. But a considerable interest in these phases of the industrial problem has been awakened, and within a very short time several important books and monographs dealing with them have come into existence. The comprehensive *History of Co-operation in the United States*, by Johns Hopkins University men, was reviewed in the *POLITICAL SCIENCE QUARTERLY*, for September, 1888. Now we have an elaborate, scholarly treatise on profit sharing, that in a good degree will supersede all previous works on the subject, and a full, trustworthy manual of co-operative savings and loan associations.

Mr. Gilman's book has been written as one would wish to have such books written always, without hurry and with a due regard to literary art as well as to scientific thoroughness. A mass of material that in the hands of an unskilful writer would have made a very dry and very bulky volume has been compressed within readable limits and made interesting. The sketch of Leclaire's personality and achievements, the most complete that has appeared in English, is a bit of biographical writing as charming as it is unpretentious. Merely as a work of reference Mr. Gilman's book will be invaluable to students. Every source of information has been explored for facts. The author has been in direct correspondence with all the more important profit-sharing houses on both sides of the Atlantic. He has had the cordial assistance of the best qualified students of the subject, and he has drawn freely, not only from the writings of Dr. Böhmert, Dr. Frommer and Mr. Sedley Taylor, and from the Bulletins of the French society for the Study of Participation, but also from the minor literature of profit sharing, as the numerous references and the exhaustive bibliography prove. Not only is much of the matter entirely new, but much new light is thrown on the more familiar cases. This is true especially of the famous Whitwood colliery case in England and the Brewster case in New York. The mere narrative of actual experiences and description of plans occupies 295 pages. There are three chapters of accounts of profit sharing on the continent,

one each on English and American experiences, and a separate chapter on profit-sharing attempts that have failed or have been discontinued. A full index makes every fact available.

Mr. Gilman rightly describes his book as a study in the evolution of the wages system. The reasons for believing that the wages system satisfies in the main the conditions of modern industrial life are clearly stated. But profoundly convinced as he is that the wages system cannot be displaced by anything radically different, Mr. Gilman is no less certain that it must undergo a further evolution. The payment of money wages as a method of rewarding labor itself grew out of a more primitive product sharing, the evolution of which our author has traced with considerable care and detail. The regularity and certainty of the laborer's reward, which the wages system guarantees, is at the expense of that variability which was characteristic of product sharing, and Mr. Gilman makes a good point by insisting on the neglected fact that mere variability, apart from any other consideration, affords gratification to the common human nature of both employers and employed. The familiar modifications of simple time wages, such as piece wages, premiums for quantity or quality of work, or for economy, the sliding scale, *etc.*, are all attempts to combine the variability of product sharing with the regularity of money wages. Mr. Gilman judiciously estimates all these plans and finds them all imperfect. They are really more defective than he shows, for he fails to note the radical defect of piece wages in the temptation that they offer to the employer to put the rate so low that the best workmen can make by their utmost exertions only the prevailing wages paid for time work. Turning then to profit sharing, the impartial reader must admit that the results of a long and varied experience fully bear out all that Mr. Gilman claims for it. In a chapter of summary and analysis he has tabulated the entire record of profit-sharing experience. It is a convincing showing; demonstrating that profit sharing is in fact a natural and beneficial development of the wages system, admitting of wide, perhaps of general, though no one would affirm of universal, extension. In a few conspicuous cases circumstances have conspired to make failure inevitable in spite of honest intentions and good management, but for the most part the failures—which Mr. Gilman conscientiously records—serve simply to show how not to do it.

In presenting the argument for profit sharing, Mr. Gilman eschews deduction from *a priori* premises and confines himself strictly to induction from the facts. His conclusions are: that the division of realized profits between the capitalist, the employer and the employee in addition to regular interest, salary and wages, is the most equitable and generally satisfactory method of rewarding the three industrial agents, and that it advances the prosperity of an establishment by increasing the quantity

of the product and improving its quality, by promoting care of implements and economy of materials, and by diminishing labor difficulties and cost of superintendence. These conclusions would have been fortified had Mr. Gilman defined their application. So long as industrial conditions are such that in many occupations laborers of a low standard of life are more available than better developed men, while recurring changes in methods of production render all employment uncertain, the wages system cannot everywhere grow into the profit-sharing form. Indeed, the very conception of profit sharing as a higher evolution of the wages system would seem to restrict it to favorably conditioned undertakings, offering a competitive advantage to superior men.

It is not probable that any one else will attempt to go over the ground covered by Mr. Gilman with such thoroughness for a long time to come. His book will be the standard work on the subject for the use of both students and profit-sharing employers. It is in every way worthy of such distinction.

Mr. Dexter has undertaken to make a complete hand-book on the subject of co-operative savings and loan associations, and he has succeeded well. He has written from personal experience as a member of such associations, supplemented by thorough comparative study. The result is a book that not only explains clearly the principles upon which the typical association is founded and describes the numerous modifications now in operation, but corrects numerous false impressions and points out the methods of organization and conduct that are safe, equitable and successful. The chapter on the growth of these associations in the United States adds little to the report presented by Mr. F. B. Sanborn to the American Social Science association in 1888, but the development of the plans that they embody and the advancement made in the methods of conducting their affairs are separately and instructively reviewed, and the business methods of co-operative banking are subjected to the intelligent and detailed criticism that has long been needed. Elaborate directions are given for organizing associations and for keeping accounts. An appendix contains the co-operative savings and loan association laws of New York, Pennsylvania, Massachusetts and Ohio, and forms of bonds, mortgages, assignments, notices, *etc.* The book is thus very complete, and it may be recommended as also accurate in its statements and sound in its criticisms and suggestions. Mr. Dexter believes, with Mr. Sanborn, that with all allowance for shortcomings and mistakes these associations are the most potent agency for stimulating steady savings, industry, home owning and good citizenship among persons of small incomes that has been yet devised and put into operation.

F. H. GIDDINGS.